

§ 1.6044-3

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the failure is due to reasonable cause and is not due to willful neglect.

(f) *Magnetic media requirement.* For the requirement to submit the information required by Form 1099 on magnetic media for payments after December 31, 1983, see section 6011(e) and § 301.6011-2 of this chapter (Procedure and Administration Regulations). For rules relating to permission to submit the information required by Form 1099 on magnetic tape or other media, see § 1.9101-1.

[T.D. 6628, 27 FR 12798, Dec. 28, 1962, as amended by T.D. 6677, 28 FR 10147, Sept. 17, 1963; T.D. 6879, 31 FR 3493, Mar. 8, 1966; T.D. 6883, 31 FR 6589, May 3, 1966; T.D. 8734, 62 FR 53476, Oct. 14, 1997; T.D. 8895, 65 FR 50407, Aug. 18, 2000]

§ 1.6044-3 Amounts subject to reporting.

(a) *In general.* Except as provided in paragraph (c) of this section, the amounts subject to reporting under § 1.6044-2 are:

(1) Payments by all organizations subject to such reporting requirements of:

(i) Patronage dividends (as defined in section 1388(a)) paid in money, qualified written notices of allocation (as defined in section 1388(c)), or other property (except nonqualified written notices of allocation as defined in section 1388(d)); and

(ii) Amounts described in section 1382(b)(2) (relating to redemption of nonqualified written notices of allocation previously paid as patronage dividends) paid in money or property (except written notices of allocation); and

(2) Payments by farmers' cooperatives exempt from tax under section 521 of:

(i) Amounts described in section 1382(c)(2)(A) (relating to distributions with respect to earnings derived from sources other than patronage) paid in money, qualified written notices of allocation, or other property (except nonqualified written notices of allocation); and

(ii) Amounts described in section 1382(c)(2)(B) (relating to redemption of nonqualified written notices of allocation previously paid as distributions with respect to earnings derived from sources other than patronage) paid in

money or other property (except written notices of allocation).

(b) *Special rules.* (1) If an organization makes a distribution consisting in whole or in part of a written notice of allocation and a qualified check and, at the time it files its return under § 1.6044-2, is unable to determine whether such written notice of allocation and such check constitute nonqualified written notices of allocation, such organization shall for purposes of such return treat such written notice of allocation as a qualified written notice of allocation and such qualified check as a payment in money.

(2) An amount described in paragraph (a) of this section is subject to reporting even though the organization paying such amount is allowed no deduction for it because it was not paid within the time prescribed in section 1382. Thus, a patronage dividend of \$25 paid by a marketing cooperative must be reported even though it is paid after the end of the payment period (see section 1382(d)) for the organization's taxable year in which the patronage occurred.

(c) *Exceptions.* An amount described in paragraph (a) of this section does not include—

(1) Any amount described in § 1.6042-3(b); or

(2) With respect to amounts paid or credited after December 31, 1982, any amount paid or credited to any person described in § 1.6049-4(c)(1)(ii).

(d) *Determination of amount paid.* For purposes of § 1.6044-2 and this section, in determining the amount of any payment subject to reporting under paragraph (a) of this section:

(1) Property (other than a qualified written notice of allocation) shall be taken into account at its fair market value, and

(2) A qualified written notice of allocation shall be taken into account at its stated dollar amount.

[T.D. 6628, 27 FR 12798, Dec. 28, 1962, as amended by T.D. 8734, 62 FR 53476, Oct. 14, 1997]

§ 1.6044-4 Exemption for certain consumer cooperatives.

(a) *In general.*—(1) *Determination of exemption.* Exemption from the reporting requirements of § 1.6044-2 shall, upon application therefor, be granted by the